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FREEMAN FINTECH CORPORATION LIMITED

民眾金融科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

PROFIT WARNING

This announcement is made by Freeman FinTech Corporation Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board of Directors of the Company (the “Board”) wishes to inform its shareholders and potential investors that based on the financial information currently available, the Group expected to record a significant net loss attributable to the owners of the Company of approximately HK\$717 million for the six months ended 30 September 2019 before potential fair value adjustments on other financial assets (including unlisted wealth management products) and potential goodwill impairment as compared to the net loss attributable to the owners of the Company of approximately HK\$1,758 million recorded in the corresponding period in 2018. The net loss attributable to the owners of the Company for the six months ended 30 September 2019 is mainly attributable to (i) provision for impairment loss of loans receivable of approximately HK\$253 million (2018: HK\$1,202 million) as a result of extremely challenging market conditions that affect the repayments from the borrowers; (ii) finance costs of approximately HK\$386 million (2018: HK\$171 million) as a result of accrual of additional finance costs subsequent to the alleged events of defaults and cross defaults in relation to the Company’s loans facilities and convertible debt instruments since the first half of 2019; and (iii) provision for impairment of factoring receivables of approximately HK\$42 million (2018: reversal of HK\$0.1 million) as a result of increased credit risks due to the extremely challenging market conditions. As at 30 September 2019, the Group had unlisted wealth management products in the principal amount of approximately RMB860 million (equivalent to HK\$944 million) while the cost of goodwill was approximately HK\$661 million.

The information contained in this profit warning announcement is only based on the Company's preliminary review on the unaudited consolidated management accounts of the Group for the six months ended 30 September 2019 which are subject to finalisation of fair value adjustments on other financial assets, impairment assessment on goodwill and other necessary adjustments. The unaudited consolidated management accounts have not been confirmed, audited nor reviewed by the Company's auditor. The Company would make further announcement(s) if necessary. Shareholders of the Company and potential investors are advised to read carefully the results announcement of the Company for the six months ended 30 September 2019.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Freeman FinTech Corporation Limited
Ye Ye
Chairman

Hong Kong, 17 November 2019

As at the date of this announcement, the Board comprises the following Directors:-

Executive Directors:

Mr. Ye Ye (*Chairman*)
Mr. Wong Xiang Hong (*Chief Executive Officer*)
Mr. Pun Hong Hai (*Chief Operating Officer*)
Mr. Yang Haoying

Independent Non-executive Directors:

Mr. An Dong
Mr. Fung Tze Wa
Mr. Wu Keli